

Option Pro™



**The Program You've Been
Waiting For Is Here!**

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Option ProTM

What is Option Pro?

Option Pro is a revolutionary program for today's options trader. Designed and developed by a seasoned veteran of the Chicago trading pits, Option Pro is not just another programming exercise. Option Pro contains proven trading ideas and evaluation techniques which have been successfully used daily by a charter member of the OEX pit.

Option Pro:

- Contains both a complete trading system *and* a powerful options evaluator
- Runs as a Microsoft Windows application
- Displays stunning graphics
- Is the easiest to use option program available!

*... traders who consistently
make money while taking
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several essential traits ...*

Why do I need Option Pro?

In our years of experience, we've seen many option traders come and go. The traders who consistently make money while taking minimal risk all share several essential traits:

- A good trading plan
- The discipline to follow their trading plan
- The ability to analyze and control risk

With Option Pro, you will get all the tools necessary to join the ranks of successful options traders:

- A fully-disclosed, fully-researched set of trading models which generate Option Pro's trading signals.
- The ability to easily test and modify the trading models yourself, thereby increasing your confidence in the trading system.
- With Option Pro's powerful Evaluator module, you can quickly assess the risks in proposed option positions before you enter the trades. You will know *ahead of time* when to adjust and exit your positions and why.

Trading can be a very difficult and demanding pursuit, even to the experienced trader. Why trade at a disadvantage to the professionals? With Option Pro, you will have at your disposal all that you need to give your trading that winning edge!

How was Option Pro created?

Option Pro was created and designed by a highly successful Chicago Board Options Exchange floor trader who traded for his own account for nine years before "retiring". This trader was one of the charter members of the OEX pit when trading started in 1983. Very early on, this trader wrote several computer programs to help him in his own option trading. These programs evolved and grew as it became clear to him how options really worked. Along the way, a proprietary technique for modeling options prices was created and remains the most accurate way we know of to explain OEX option pricing. These programs were used daily throughout this trader's career and have remained his personal property -- UNTIL NOW.

The trader in this story is David Wesolowicz, President of Essex. Since joining Essex, it has been his goal to further refine his original options programs and develop them into an easy-to-use, ready-to-run program in the Essex tradition. That effort is now complete.

About Essex Trading Company

Established in 1983, Essex has long been recognized as a leading developer of trading software. Until now, our emphasis has been in creating trading systems for futures traders. Our futures trading programs include Eurotrader, Tradex 21 and the Advanced Channel Entry (ACE) line of programs. Essex approaches trading software development from our unique background as experienced floor traders.

At Essex, we pride ourselves on the quality of our programs and the trading ideas they contain. We design programs that give clear, objective trading signals that can be historically tested and verified. All of our programs can be used in just minutes a day with a minimum of keystrokes. Our technical support is also a source of pride for us. Customers frequently compliment us on our prompt, friendly and knowledgeable service after the sale.

A Guided Tour of Option Pro

Option Pro runs under Microsoft Windows, Version 3.1 or later and takes full advantage of the Windows environment. Users can simply "point and click" with a mouse to access most program functions. Option Pro can be run simultaneously with your quote retrieval, spreadsheet or word processor programs. Several Option Pro windows can be displayed simultaneously. For example, you can display 5 different OEX bar charts at the same time!

Option Pro has a look and feel similar to other Windows applications you've already used, thereby reducing learning time considerably. Option Pro will support any printer, plotter or video imager compatible with Windows!

Main Menu

All program operations are launched from Option Pro's main menu and are just a click or keystroke away. Whether you are a computer novice or expert, you'll find that Option Pro's pull-down menus get you quickly and efficiently through each segment of the program. If you ever have a question on program operation, on-line help is always available - just click on Help or press the F1 key.

Data Management

Current, accurate data is the life-blood of any trading software. That's why we designed an incredibly easy-to-use data management routine (Figure 1). We've also kept trading model data requirements to a minimum. To update data, you simply enter the high, low, close and TRIN indicator each day. Don't worry about making mistakes - Option Pro will alert you if you enter any data improperly.

You can easily edit or delete past data with just the click of a mouse. If you wish, the data can be printed out or stored in an ASCII file for use in your favorite spreadsheet program.

Option data can be entered manually in minutes. These prices can be obtained from the Wall Street Journal, Investor's Business Daily and other leading financial publications. Data can also be obtained automatically from leading data vendors - contact us for a list of vendors we currently support.

Date	High	Low	Close	TRIN
920805	39628	39358	39416	1.22
920806	39428	39183	39216	1.07
920807	39460	38944	38977	1.48
920810	39074	38801	39074	1.02
920811	39156	38826	39092	1.10
920812	39214	38834	38986	1.32
920813	39218	38881	39023	0.85

Figure 1

The Daily Signal Report

The Daily Signal Report is one of the revolutionary features of Option Pro. No other trading software produces clear, 100% objective option signals like Option Pro. As you can see in

Signal	Position	New Order
Momentum	None	None
Trading Index	None	None
Rel. Strength	None	BUY LONG - Buy 10 JUL 385 Calls
Volatility	None	BUY LONG - Buy 10 JUL 385 Calls
Sell Premium	HOLDING SHORT - 10 JUL 405 Calls from 6/3/92	None

Figure 2

Figure 2, the Daily Signals are displayed in very clear language, just as you would read them to your broker. Since the program is shipped with a fully researched trading model, parameters and historical database, you can immediately start receiving trading signals from the program. *We strongly recommend however that you read the program manual and become familiar with Option Pro before starting to trade.*

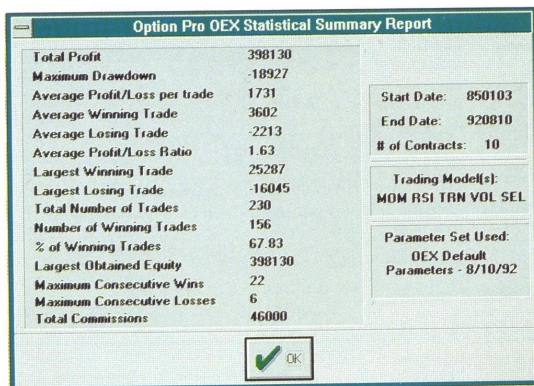
After updating the database for today's trading session, Option Pro calculates and displays tomorrow's trading signals and current positions in a matter of seconds. The accompanying manual contains complete guidance on how to enter your Option Pro orders with your broker.

Option Pro not only signals when to enter trades, but gives you specific and timely exit signals as well. As option traders, we know that time decay plays an important role in option price movement. Our trading models have built-in time limits on how long a position is held. Option Pro whisks you out of positions before significant time erosion hurts your trading profits.

Historical Testing

While many users will simply update the data files each day and run the Daily Signal Report to check for new signals, the Historical Testing routine allows you to explore many different combinations of trading model variables. Never before has an historical option trading simulator been available to the general public.

Figure 3



A trading system should hold up under the most rigorous testing before it's used in real-time trading. Unlike other programs which are tested over a short-time period, Option Pro's amazing results can be attributed to the long testing period used in our research. Testing with a large database subjects the system to a wide variety of price action and market conditions, giving Option Pro the potential for superior future performance.

Never before has a historical option trading simulator been available to the general public.

Option Pro uses super-fast data handling techniques to load historical data. The testing algorithms are then called in to check for possible signals each and every day in the database. When a signal is generated, our proprietary option price simulator then calculates an estimated option price for the selected option on the trade date. Trade results are then accumulated and displayed in either Statistical Summary (Figure 3) or Trade Listing formats (Figure 4). The Statistical Summary format is a "snap shot" view of the test, and shows vital statistics such as Winning Percentage, Average Profit per Trade and Consecutive Runs of Wins and Losses. The Trade Listing report shows, in a scrollable window, the details of each trade made during the test. In addition, the Trade Listing report has a pop-up Equity Curve and Bar Chart, which graphically displays test performance over time.

You can select any period of time in the database for testing and can send the results either to the screen, printer or an ASCII file on disk. Recent performance results generated by Option Pro can be seen on the separately-enclosed Statistical Summary Report enclosed with this brochure.

Trading Models

With years of real-world trading experience, Essex knows a great deal about how option trading really works. For instance, we understand the all-important role that time decay and volatility play in determining option prices. Changes in these key variables often overshadow movements in the underlying security itself.

We used this knowledge in developing our five OEX trading models. Four of the models deal with buying option premium, since this is the most popular and least risky way to trade options. The four premium buying models are labeled Momentum, Relative Strength, Volatility and Trading Index.

In developing these models, we did extensive research using technical analysis to identify conditions which have historically been favorable for option premium buyers. Generally speaking, Option Pro will look for situations where a quick reversal in trend is likely to occur. For example, after a rally in the market, Option Pro will wait for signs that the advance is over and will then signal you to buy put options. Usually in this situation, put prices will have been sold "into the ground" by bullish speculators, making puts relatively inexpensive. Once a "Buy Put" signal is given, Option Pro tracks this trade and starts looking for signals indicating when to exit the trade. The exit signals will be generated by either a sharp market move in our favor, a reversal signal given by the trading model or the passage of a certain number of days. Option Pro knows that time decay can erode hard-earned profits, so it takes you out of the trade automatically before much time erosion occurs.

The Option Pro trading model for selling premium looks for conditions where option premiums are sufficiently high and market volatility is likely to stabilize in the near future. Option Pro will then

signal you to sell both calls and puts and protect your position with stop signals generated automatically by the model.

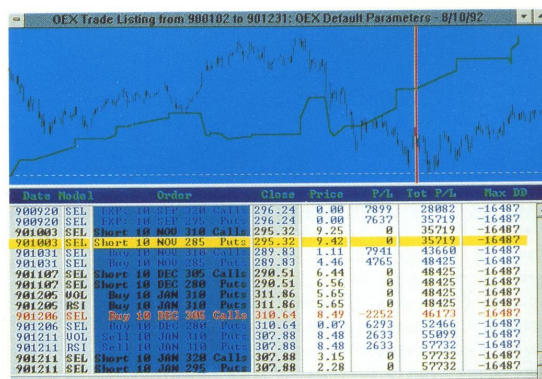


Figure 4

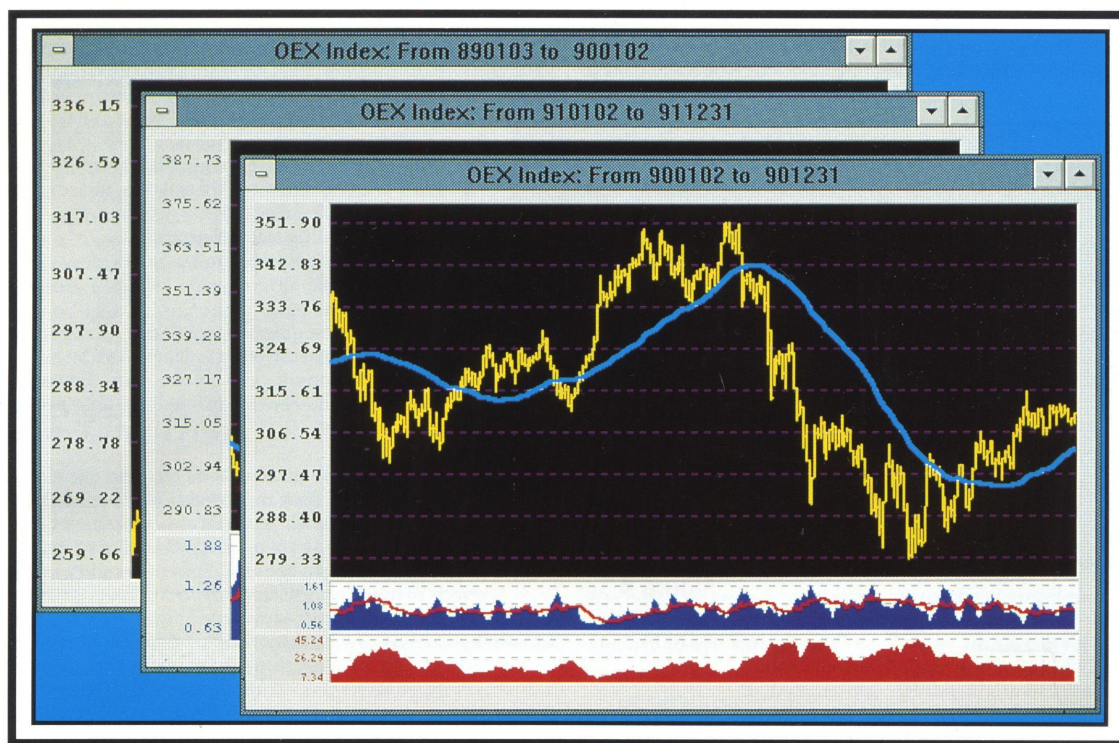


Figure 5

Parameter Sets

The trading model parameters control exactly how Option Pro signals its trades. Each parameter in Option Pro is preset by Essex based on our latest research. However, you can easily change the parameters to suit your particular trading style or preference. In fact, we strongly encourage you to experiment with parameter settings in the Historical Testing section of the program.

Up to 50 different parameter sets can be stored for easy retrieval. We've dispensed with the need to remember what file name you gave to a parameter set. With Option Pro, you can give each parameter set a unique name of up to 40 characters and later retrieve these sets by this name. Option Pro reminds you what parameter set you are currently using every time you run a Daily Signal report or enter the Historical Testing module.

Graphics Charting

Option Pro takes the old saying "A picture is worth a thousand words" and infuses it with a new meaning by providing stunning graphic displays of OEX price activity (Figure 5). You can create up to five different graphic displays simultaneously, each showing different time periods and indicators.

Each Option Pro graph can:

- Display all or any part of the historical price database
- Display up to 2 moving averages of OEX prices
- Display the TRIN indicator
- Display the historical volatility of the OEX index
- Be printed in 32 different sizes and orientations on any printing device supported by Windows, including all popular dot matrix and laser printers as well as plotters and film recorders.

Option Evaluator

In addition to Option Pro's signal generating ability, you also receive a powerful, easy-to-use Option Evaluator. Money can be made in options without taking an opinion on market direction - in fact, that's how most option floor traders make

At Essex, we believe that the real value of using option models is in managing risk. You really must know how movements in the underlying, volatility, interest rates and time will affect your positions. *And you should know all of this before you enter your position.* Here's where Option Pro really shines! Just enter your option positions into the Dynamic Evaluator (Figure 7) and "torture test" your portfolio.

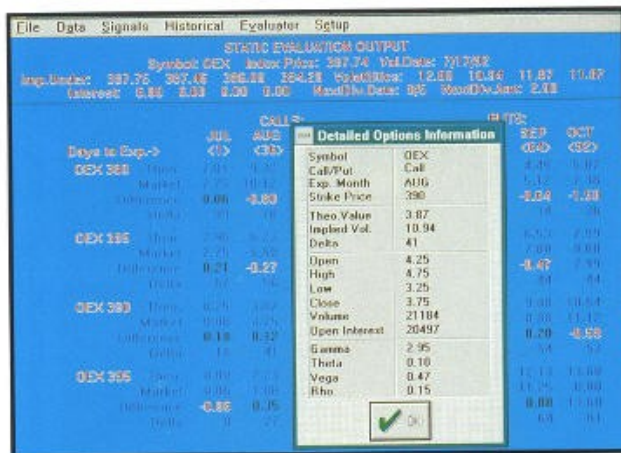


Figure 6

their living. This technique is called *neutral spreading*. Option Pro gives you the same tools floor traders use to find and analyze spreading opportunities. Option Pro's Evaluator modules can be used to evaluate any stock or stock index options.

With Option Pro, option evaluation is a snap! Simply enter closing option prices (either manually or automatically) and Option Pro will evaluate every available option in just seconds. The Static Evaluator will display each option's theoretical value and delta. You will easily see which options are bargains and which ones to avoid (see the Static Evaluator display, Figure 6). In addition, a pop-up window (seen above) showing key details on any option is just a mouse click away. This window also shows the key option model derivatives such as gamma, theta, vega and rho (don't worry, these are fully explained in the manual).

The Option Pro's Static Evaluator incorporates a concept unique to Essex called "Implied Underlying". This concept provides the most coherent explanation we know of to account for option pricing distortions found in OEX and other index options. This concept is fully explained in the accompanying manual. Option Pro will calculate both implied volatility and implied underlying values automatically - you don't have to really understand these concepts to use them. Option Pro does all the work for you!

Figure 7

Just ask Option Pro:

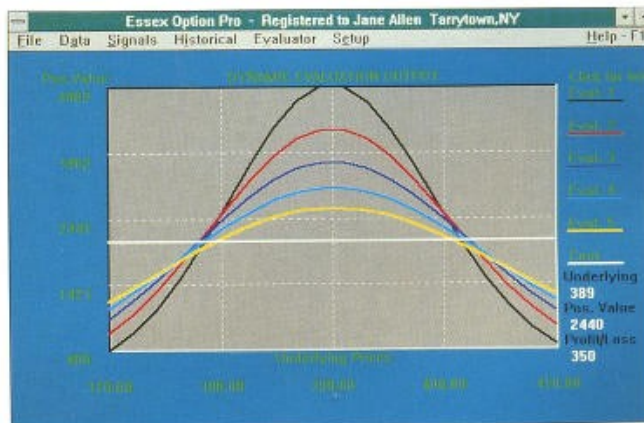
- How will my position look in 5 days? In 3 weeks?
- How will movement of the stock or index affect my positions?
- What if volatility rises or drops?
- How do changes in interest rates affect my portfolio?

The answers to these questions are displayed in graphical form -- up to five different scenarios can be evaluated simultaneously. Of course, the Dynamic Evaluator's graphs can be printed on any printer Windows supports.

With a tool as powerful as the Dynamic Evaluator, you can finally unlock the mysteries of how options really work! After all, financial newspapers tell you how the underlying price changed each day, but no paper publishes changes in implied volatility or the effects of time decay on options prices. Changes in the latter variables often overshadow any option price changes caused by changes in the underlying price. To prove this point, just think how many times you've seen the underlying price increase on the day, and yet the calls you were long actually dropped in price.

A successful option trader must know how to react to all likely future events *before they happen*. INDECISION KILLS! With Option Pro, you can plan your trades and know IN

ADVANCE what action to take no matter what the market does tomorrow.



Daily Reports

We know that most traders have a "9 to 5" job in addition to their trading activities. With that in mind, we designed a series of detailed reports which can be printed out at night and taken to work the next day. You can easily enter your option positions into Option Pro, including positions in the underlying itself. Then tell Option Pro the range of underlying prices you wish to cover in the Daily Report - the report is printed in just minutes.

No matter whether OEX is up 3 points tomorrow or IBM is down 1, you will know what any option - *as well as your whole option portfolio* - is worth! Option Pro's Daily Reports module will also calculate the value of commonly traded option spreads (including time, vertical, butterfly, box and jelly roll and straddle spreads).

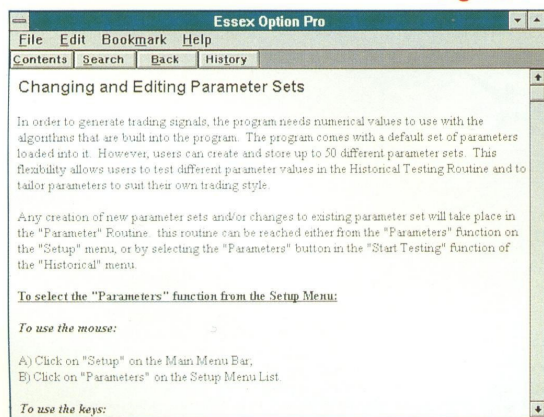
On-Line Help

Software manuals are essential, but how many of us like to pull them off the shelves to search for the answers to our questions? We don't either. That's why we built on-line, context-sensitive help into Option Pro (Figure 8). No matter where you are in an Option Pro session, help is always just a keystroke or mouse click away!

It's like having the manual right on your screen. Not only can you see a full explanation of how to operate the current section of Option Pro, but you can go back to previous topics in just a keystroke. Add your own notes to each help topic or put a "bookmark" on frequently used sections for easy recall.

Option Pro's help also contains a handy index to help topics, guidance on how to start trading with the program, and even Help on Help itself. Option Pro owners love the on-line help feature and so will you!

Figure 8



Summary

Option Pro contains everything you need to join the ranks of successful options traders. It was created based on techniques developed and tested in the world's largest and most active options pit - the OEX pit on the Chicago Board Options Exchange.

Options are easily the most complex and demanding type of instrument to trade. You deserve to have the same trading and analytical ability as the professionals use. With Option Pro, you get a wealth of real-world trading experience and analytical techniques contained in one easy-to-use package. Make the logical choice - order Option Pro today and start trading options like a professional.

"In my opinion, the Essex Software Products are some of the best I've seen. I wish more of our clients used them."

Burton J. Meyer, President
Jack Carl - 312 Futures

"The program documentation is excellent and customer support is exceptional!"

John Hill - Editor
Futures Truth, Ltd.

"I'm sorry I've wasted my time all these years with other options programs. Option Pro is the real thing!"

R.K.
Customer

"I have nothing but good things to say about your ACE programs ... I'm up \$18,000 in my first month!"

D.Z.
Customer

"Your ACE trading system is the best thing that has ever happened to my trading account!"

T.R.
Customer

***Exercise Your Options!
Call Today and Order!***

Option ProTM

Option Pro Specifications

To run OPTION PRO, you need:

- Microsoft Windows, Version 3.1 or higher
- An IBM-compatible computer with 2 megs or more of memory
- A Windows-compatible mouse

Optional equipment:

- A modem (for automatic data retrieval)
- A Windows-compatible printer
- A math co-processor (strongly recommended)

Underlying Data:

Data can be entered manually (for OEX signals) (just the High, Low, Close) and the Trading (or Arms) Index (commonly called TRIN)

Automatic data retrieval is supported for DBC Signal, CSI, Technical Tools and Dial Data formats (we are always adding to this list - ask us about your favorite data vendor).

Options Data:

Options prices can be entered manually in just seconds from listings in Investor's Business Daily or the Wall Street Journal. Options prices can be retrieved automatically from DBC Signal and Dial Data's ASCII data service.

To Order:

Call (800) 726-2140

From overseas, call (708) 416-3530

Fax: (708) 416-3558



**Visa/MasterCard
American Express/C.O.D.
are accepted**

**Marketed by ACE Systems, a division of Essex Trading Company, Ltd.
Main Office: 24 W 500 Maple Avenue, Suite 108, Naperville, IL 60540**

Performance results listed above are simulated with the latest version of the program. Hypothetical or simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also since the trades have not actually been executed, the results may have under or over-compensated for the impact, if any, of certain market factors such as lack of liquidity. Simulated trading programs, in general, are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. Promotional statements or actual account summaries listed above may not necessarily reflect the actual performance of all users. Essex Trading Company, Ltd. distributes programs with different parameter sets. Not all parameter sets produce the same results. The risk of loss in options trading can be substantial. You should carefully consider whether such trading is suitable for you in light of your financial condition.